



City Council Report

Date: April 24, 2003
To: City Council
Through: Mike Hutchinson
From: Bryan Raines, Neighborhood Services Manager
Subject: Discuss and consider the following five projects: Redevelopment Site 7, Redevelopment Site 17, 146 W. Main Street, the retail building at 51 East Main Street, and the reuse of the Irving School

Council District #4

Purpose and Recommendation

To discuss and consider the following five projects: Redevelopment Site 7, Redevelopment Site 17, 146 W. Main Street, retail buildings at 51 East Main Street, and the reuse of the Irving School. Staff recommends approval of the implementation for these areas/buildings as outlined in this report.

Background

In addition to the existing work program, the Redevelopment Division has a number of projects currently underway. However, momentum is growing in the revitalization efforts for the Town Center Redevelopment Area (TCRA). City Council direction is needed for the five projects previously noted.

The success of the Main Street Streetscape project, the current construction of the Mesa Arts Center, and the upcoming renovation of the One Macdonald Center has generated interest from developers to work in partnership with the City on revitalizing the TCRA. Developers and other customers have indicated they are interested in developing in the TCRA based on the City's commitment to revitalize the area. They also appreciate the one-stop shop service that is provided in the TCRA. The Redevelopment Division is able to provide this one-stop shop service because it provides both planning and economic development services for projects located within the TCRA. Some of the key services that the Redevelopment Division provides are:

- Working with developers on agreements for the disposition and development of land.
- Providing ombudsman services to the developer as it relates to the building permit process,
- Processing all required planning and zoning approvals through one advisory committee, and
- Serving as the City's Historic Preservation Office regarding citywide historic preservation activities.

Discussion

There is a definite interest to work in partnership with the City of Mesa on the redevelopment of the TCRA. In order to capitalize on this interest, staff has formulated an implementation plan for the following:

- Site 7 (10-acre block bounded by Mesa Dr., Hibbert, Main Street, and 1st Ave.)
- Site 17 (30-acre parcel at Mesa Dr. and University Dr.)
- 146 W. Main Street
- Retail building along Main Street adjacent to the new Mesa Arts Center.
- Determine reuse of the Irving School and locate appropriate tenant(s)

Discussed below is a project description, implementation plan, and a brief summary of anticipated activities for each of the areas/buildings noted above.

Site 7

Project Description

Site 7 encompasses the majority of the block bounded by Main Street and East 1st Avenue to the north and south, and Mesa Drive and South Hibbert Street to the east and west, respectively. This block has three development areas, and the report from Hunter Interests Inc. (Hunter) dated September 12, 2002 recommends a building program for each area (see Exhibit No. 1, Conceptual Plan for Site 7). Area 1, located at the corner of Main and Hibbert Street, consists of two Class A office buildings totaling 276,000 s.f. Area 2 consists of High-rise apartments with 120 units along Hibbert Street. Area 3 consists of 15,000 s.f. of mixed-use, office and retail uses along Mesa Drive.

Implementation

Staff recommends that a master developer be recruited to work in partnership with the City to revitalize Site 7. In order to establish the level of interest for Site 7 and to identify capable participants for a future Request for Proposals (RFP), staff recommends that we issue a Request for Qualifications (RFQ) for the development of Site 7. If the City Council agrees with this recommendation, staff will then prepare an RFQ, obtain the approval of the Downtown Development Committee (DDC) and forward it to the City Council for consideration. Staff anticipates approximately a 60-day time frame to bring the RFQ forward for consideration by the City Council.

It should be noted that the existing Tri-City and DES facilities located on the northwest corner of the block were initially considered for reuse by the City for needed office space. Further analysis has indicated that the cost to reuse the facilities for City offices would be significant and would preclude private development on that corner for the foreseeable future. As an option, the RFQ for Site 7 could include an option for the City to lease required office space in exchange for land considerations.

The Town Center Concept Plan suggests that the City ultimately consolidate its offices in a central location within the area bounded by Center Street on the west, Centennial Way on the east, 1st Street on the north, and Main Street on the south, creating a government campus. However, based on the City's budget constraints, the construction of a new office building is not a legitimate option at this time while the pressures of office space needs and aging facilities continue to grow.

Anticipated Activities

Staff will develop an RFQ for Site 7 that will be brought to Council for consideration later this spring. This proposal will include an option that the City will consider leasing necessary office space in the facility. If the RFQ identifies that there is a qualified developer(s) interested in the site and project, Council would consider an RFP to be issued later this summer.

Site 17

Project Description

Site 17 is approximately 30 acres of land, and is located between North Centennial Way east to Mesa Drive and University Drive south to East Second Street. The recommended conceptual building program discussed in the Hunter report for Site 17 (see Exhibit 2 for the conceptual plan) is divided into three areas. Area 1 is a residential community with 472 residential units, including townhouses, garden apartments, and loft units. Area 2 is an approximately 50,000 s.f. village retail/office center. Area 3 is a mixed-use development with 200,000 s.f. of live/work space and a health club and spa.

Implementation

Based on recent discussions by the City Council regarding the Centennial Center, development of Site 17 may take place in the broader discussion of the Northeast Quadrant, which includes the Centennial Center and potentially the Post Office and Irving School. In order to establish the level of interest in Site 17 and to identify capable participants for a future Request for Proposals (RFP), staff recommends issuing a RFQ for the development of Site 17. According to Hunter Interests (see Exhibit 3, letter from Hunter Interests, Inc. dated January 27, 2003), solicitation of a RFQ for Site 17 at this time could be a more direct route to additional development and investment in Mesa, and we

should proceed with a RFQ. If the City Council agrees with this recommendation, staff will prepare a RFQ, obtain the approval of the Downtown Development Committee (DDC) and forward the RFQ to the City Council for consideration. Staff anticipates approximately a 90-day time frame to bring the RFQ forward for consideration by the City Council.

Once the RFQ submittals are reviewed and if the City Council would like to select a master developer, a RFP would need to be issued. The RFP could focus on the primary development area of Site 17 as recommended by Hunter Interests, which is the area between Hibbert St. and Mesa Drive. The final development plans for the 9-acre parcel between Hibbert and Pasadena Streets (Area 3 in the Hunter report) could be decided later as part of the Northeast Quadrant planning process since the development scenario recommended by Hunter for this part of Site 17 is more flexible. However, the master developer selected for Site 17 should be part of the overall development discussions for the Northeast Quadrant.

Anticipated Activities

Development of an RFQ for Council consideration will closely follow the activities outlined for Site 7, above.

146 West Main Street

Project Description

The property at 146 West Main is an existing retail building located within the Pedestrian Overlay Area of downtown Mesa. The building is on the north side of Main Street between Macdonald and Robson Streets. The City purchased this building in October 2000, along with 51 E. Main Street (Crismon's Baby Boutique) as part of the acquisition agreement with the Crismon family necessitated by the construction of the new Mesa Arts Center. The building is a total of 3,733 square feet; the main floor is 2,866 s.f.; the loft area is 907 s.f.

Implementation

On January 23, 2003, the City Council directed staff to place the property on the open market for sale or auction to obtain the highest possible market price.

Anticipated Activities

The Real Estate Services Division of the Development Services Department is preparing to sell the property at 146 W. Main Street. Real Estate Services can place the property on the open market through the services of a realtor using the multiple listing service (MLS), have the property publicly auctioned, or use a development agreement. If there is a desire by the City Council to require performance criteria, such as use compatibility, a time frame to complete

construction, and payment amounts that must be met by a potential purchaser, a development agreement is the recommended course of action. If a development agreement is required, Real Estate Services will need to use a Request for Proposal process to sell the building.

Retail building along Main Street by the new Mesa Arts Center

Project Description

The subject property consists of 15,000 s.f. of retail space in a building located west of the Mesa Bank building, and adjacent to the Mesa Arts Center on Main Street. A new owner could elect to either rehabilitate the existing building or construct a new building on the site designed around specific uses. With the MAC project continuing, now is the time to begin testing the market to gauge developer interest, assess the site's marketability, and assess user demand. Currently, the City has leased the suites, using short-term leases, to Segura Art, Café Roma, Anthology Coffee Shop, and DOM Productions.

Implementation

To establish the level of interest in this site and to identify capable participants for a future RFP, it is recommended that the City issue an RFQ for the development of this area/building.

Anticipated Activities

The RFQ will be reviewed by the Downtown Development Committee (DDC) and the Arts and Cultural Division prior to being forwarded to Council for consideration. Staff anticipates approximately a 120-day time period to develop an RFQ for consideration by the City Council.

Reuse of the Irving School

Project Description

Currently, the Mesa Arts Center is located in the Irving School. When the Mesa Arts Center relocates into their new home in early 2005, a plan for the reuse of the facility should be in place. Several uses have been suggested for the Irving School, including arts related uses, or it could be included as part of the master planning activity for the Centennial Center and the Northeast Quadrant area.

Implementation

Before proceeding with this project, staff from the Arts and Cultural Division and the Redevelopment Division will be seeking City Council direction on the options for the facility's reuse.

Anticipated Activities

Staff should be ready to approach the Council within the next 60 days to receive direction for the reuse of the facility. Based on that direction, if it is decided to reuse the MAC for arts related uses, the Redevelopment Division will assist the Arts and Cultural Division in preparing an RFQ to be reviewed by the Downtown Development Committee (DDC) and the applicable Arts and Cultural Division Advisory Board before being forwarded to the City Council for consideration. If it is decided to include the Irving School in the planning activity for the Centennial Center, the Redevelopment Division will work with Centennial Center staff and the master developer for Site 17 to develop a plan for the Northeast Quadrant that will accommodate the needs of the Centennial Center.

Additional Activities

- Potential Development of Temple Court Property at the northeast corner of 2nd Avenue and Sirrine.

Interest has been expressed by potential residential developers in this city-owned parcel that is approximately 1.5 acres in size. The south half of this block, including the Temple Court property, was designated as Redevelopment Site 23 on June 16, 1998. Since the Temple Court property is part of an established Redevelopment Project Site, staff would use the Request for Proposals process to select a developer. Control of the property in the rest of the block to the east of Temple Court could be a key to the developer selection process.

- Assessment of Parking for the Mesa Arts Center.

In the next year, the Redevelopment Office, in conjunction with the Mesa Town Center Corporation, will review the parking arrangements for the Mesa Arts Center (MAC) and develop event parking plans. This will be especially important for weekday events that will occur at the MAC. Preliminary assessments were made when the project was sited at Main and Center Streets, and it was determined that adequate parking was available within a two-block radius of the Arts Center.

- Implementation of Site 21 (One Macdonald Center) and Site 24.

As the projects previously described are initiated, staff will need to balance the workload of those projects with the implementation of Site 21 and Site 24. Construction of the Site 21 project is anticipated to start by early Fall 2003, and this will require continued involvement by the Redevelopment staff. Dependent on the outcomes of the ongoing legal challenges, Redevelopment staff will remain involved in Site 24 implementation activities.

Fiscal Impact

While the majority of the work previously outlined will be undertaken by City staff, it is recommended that Hunter Interests Inc. be retained to assist in the development and marketing of the RFQs and RFPs for Site 7 and Site 17, and to assist in reviewing submittals. Funding has been included in the preliminary development of the FY'03/04 budget to cover the costs for these services.

Concurrence

The implementation noted in this staff report is in compliance with the Town Center Concept Plan. The Redevelopment Division, Real Estate Services Division, and the Arts and Cultural Division concur with the recommendations noted in this staff report.

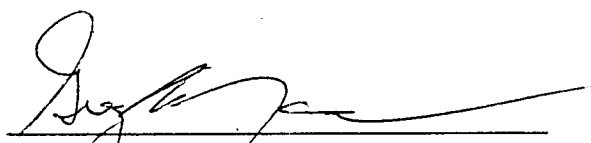
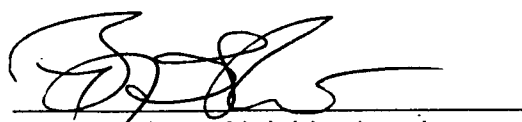
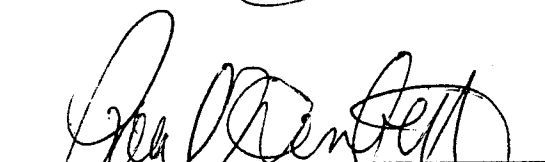
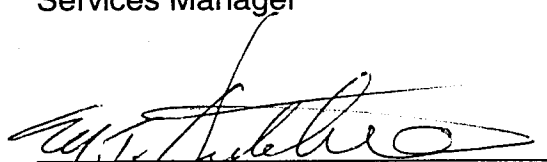

Greg Marek, Redevelopment Director
Bryan Raines, Neighborhood
Services Manager
Paul Wenbert, Deputy City Manager
Mike Hutchinson, City Manager**Attachments:**

Exhibit 1	Hunter Conceptual Plan for Site 7
Exhibit 2	Hunter Conceptual Plan for Site 17
Exhibit 3	Letter from Hunter Interests dated January 27, 2003

EXHIBIT 1

Scale: 1"=100'
Hunter Interests Inc.
July 2002

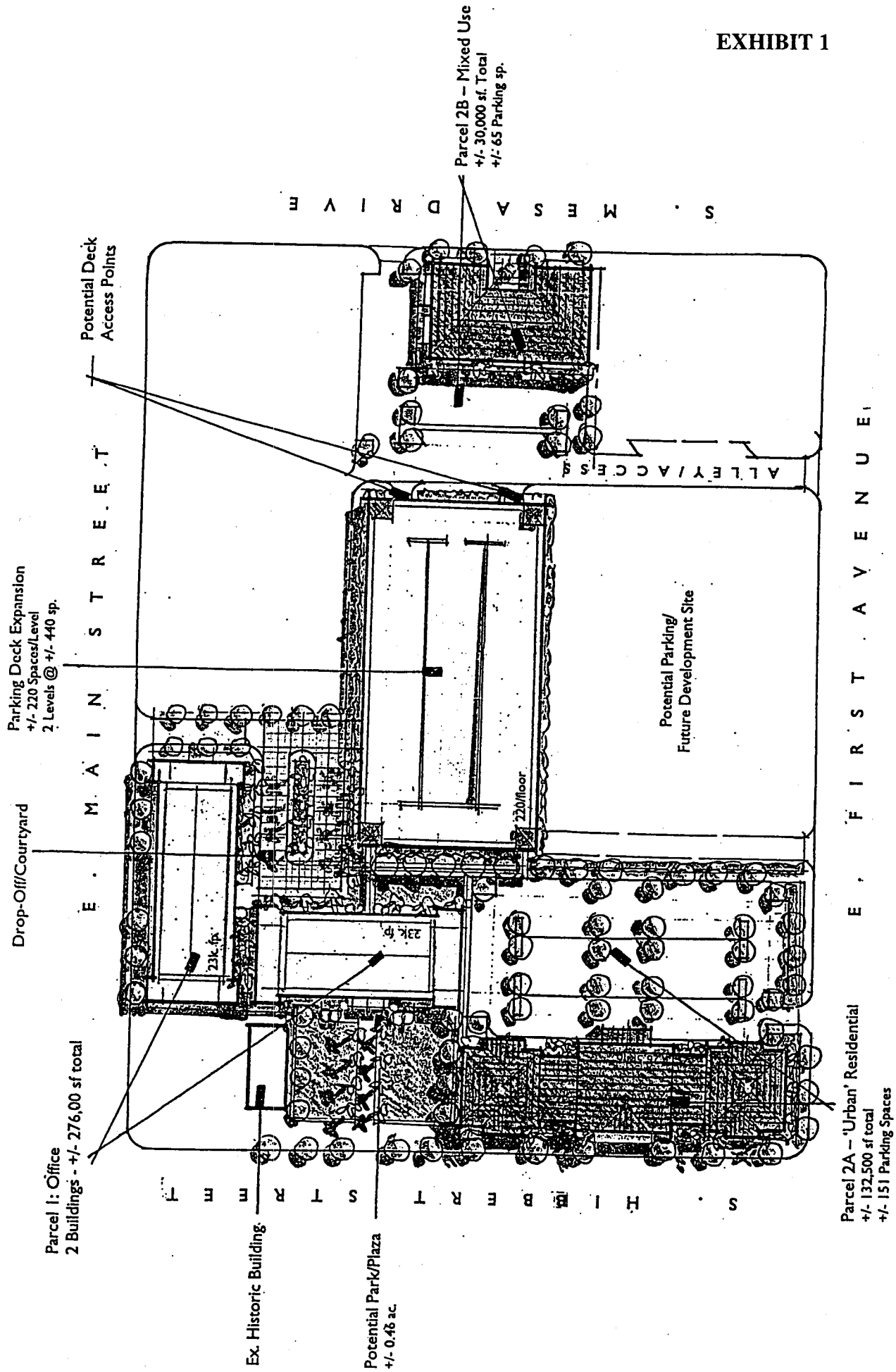


Figure 7
Site A Conceptual Development Plan

Site A - Conceptual Development Plan
MESA, ARIZONA

EXHIBIT 2

Scale: 1"=100'
Hunter Interests Inc.
July 2002

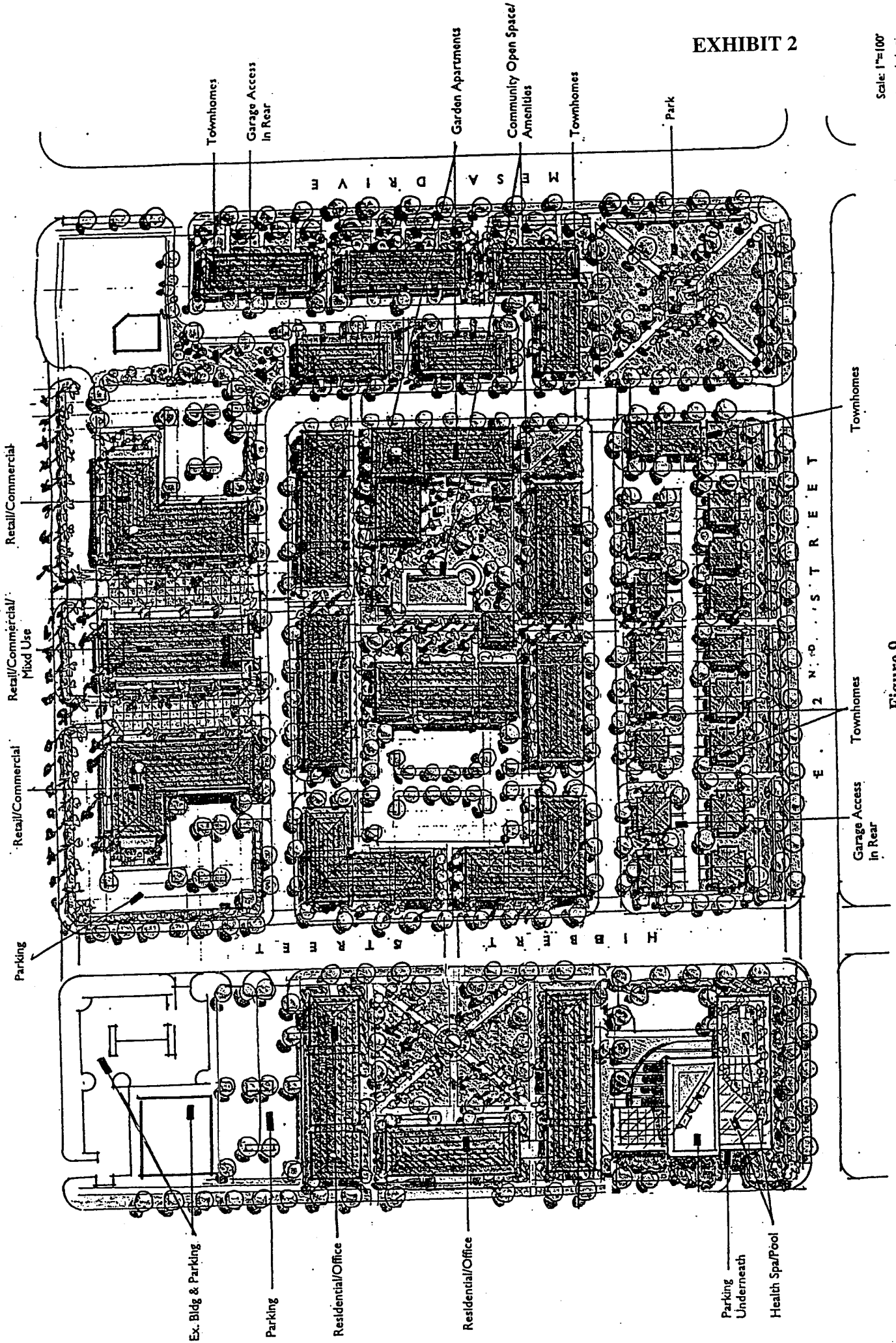


Figure 9
Site B (17) Mixed Use Concept Plan

HUNTER INTERESTS

I N C O R P O R A T E D

EXHIBIT 3

January 27, 2003

Mr. Greg Marek, AICP, CED
Redevelopment Director
City of Mesa
20 East Main Street, Suite 200
Mesa, AZ 85201

Dear Greg:

To further the implementation of the Mesa Town Center Action Plan, Hunter Interests Inc. recommends that the City of Mesa launch dual developer solicitations at the earliest opportunity. We suggest that both Site A (Pomeroy Garage block), and Site B (Site 17) are ready for market, and believe that a competitive solicitation process will yield solid fields of development teams for both mixed use projects.

During the course of the analysis undertaken by our firm, we received verbal expressions of interest from various local, regional, and national developers with respect to these key sites. Given the diversity of development programming (Class A office and residential on Site A, and residential, retail, and office on Site B) and the size of the projects themselves, we believe an opportunity exists for bringing a combination of local and national developers, architects, construction companies, etc., to the table.

While phasing and modifications to the recommended development programs should be considered, we feel strongly that the plans that emerged from the feasibility analysis and other work summarized in the final report entitled "Analysis and Recommendations for Development Sites Pursuant to the Mesa Town Action Plan" reflect desirable forms of new development that are both consistent with efforts to revitalize downtown Mesa, and sufficiently attractive to developers to generate a return on invested public dollars.

Hunter Interests Inc. stands ready to assist the City of Mesa in pursuing qualified development teams for Site A and Site B through a competitive RFQ/RFP process. We can offer our developer database with more than 500 companies that would be candidates for selection, references to local and regional companies that specifically expressed interest, our experience and guidance in completing many such successful efforts, and our intimate knowledge of the sites and recommended projects which can be conveyed to developers to further their interest and commitment to Mesa.

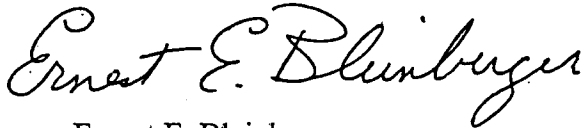
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G. Marek
January 27, 2003
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We encourage the City of Mesa to move forward with continued implementation of the Mesa Town Center Action Plan, and to the achievement of the tangible economic and fiscal benefits that will accrue through development on the key sites referenced herein.

Sincerely,

HUNTER INTERESTS INC.

A handwritten signature in cursive script, reading "Ernest E. Bleinberger". The signature is written in dark ink and is positioned below the printed name.

Ernest E. Bleinberger
Sr. Vice President/COO